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SUBJECT: Dominica Election Primer: The Bolivarian Candidate

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Summary

¶1. (C) With high unemployment and government corruption dominating election debates, Dominica's Prime Minister Roosevelt Skerrit has decided to take a gamble on his political career, betting that he can ride a wave of financial support from China and Venezuela to overcome his government's poor showing on economic issues and widespread allegations of corruption that have come to plague his administration. Meanwhile, an exodus of capable members of the government and the possible defection of high profile leaders from the ruling party could make this election closer than anticipated.

The Economy: A Glass One Quarter Full?

¶2. (C) As Dominicans head to the polls December 18, jobs and integrity in government remain the key themes. The Dominican economy in certain ways resembles the current U.S. experience of better than expected GDP growth rates, coupled with surging unemployment. The parallels also extend to a certain class of individuals profiting during the recession -- in Dominica, that class is represented by anyone involved in government contracts with Venezuelan or Chinese investment projects. Prime Minister Skerrit has attempted to paint an opportunistically rosy picture of the local economy, noting that Dominica has been less heavily impacted than its neighbors by the declining disposable income of American, British and Canadian tourists and the concomitant drop in investment dollars for tourist projects. However, he has neglected to point out the logical corollary: that because Dominica has been consistently unable to attract interest from tourism providers or consumers they have endured lower growth rates than virtually every other Eastern Caribbean country over the past five years. Skerrit has been less willing to talk about the swelling ranks of the unemployed or the continuing burden of a high cost of living that has endured despite promises of relief as a result of reduced energy rates from the Petrocaribe program. In fact, in his 2009 National Day address (septel), Skerrit made a point of avoiding the economy, saying the day should be about social achievements instead.

¶3. (C) In other venues, the PM has often pointed to large-scale development projects, such as the Oil Storage and Distribution

Facility or the Cricket stadium, as signs that the economy is moving forward. The reality is that few of these projects contribute much in terms of jobs or do much to shore up the country's lagging infrastructure of roads or ports, not to mention the disrepair of electrical lines and urban sewerage and drainage. Venezuela is assisting in improving the airport, but despite the heavy cost of approximately US\$60 million, it will still not be able to land widebody jets, which is one of the chief obstacles to attracting tourists and was a primary goal of the expansion project. Moreover, the airport construction is doing little to improve local prospects, as most of the labor is imported from Venezuela along with all the construction equipment. Other examples of Venezuelan "largesse" appear similarly misguided -- such as the construction of a coffee processing facility before coffee production has been expanded sufficiently to utilize it.

Corruption Charges Dog PM

14. (C) As the economy flirts among uncoordinated infrastructure projects of dubious benefit, multiple corruption cases have received increasing media coverage. In every case, there are allegations that Skerrit has abused his privileges and is

benefiting financially from his position. Journalist Lennox Linton has been the most proactive in investigating the government, and he has expressed concern not only with the theft, but the "blatant nature in which it is done." The most prominent focus of corruption charges is Skerrit's personal residence, whose construction costs appear to be far in excess of his official assets. In addition, allegations of no bid contracts awarded to the brother of Minister of Trade Collin McIntyre for garbage bins and fertilizer have caused a stir, as the prices charged were multiples above the normal cost. The economic citizenship program as well as the sale of diplomatic passports and Ambassadorial rank have all occurred in a less than transparent manner, with allegations that some of the money charged for these programs makes its way to Skerrit. Adding to the rumors are recent claims that Skerrit is the owner of a multi-million USD villa complex that houses Ross University (an American Medical School) faculty - a property he could not possibly afford to purchase on his public sector salary and limited declared assets.

15. (C) Skerrit's reaction to the most recent allegation has been to turn to Tony Astaphan, his personal lawyer, to answer questions from opposition and the press. According to opposition contacts, Skerrit uses official travel and sick days to avoid answering questions in Parliament about these cases. Skerrit has also attempted to use legal means to clamp down on inquiries into these alleged abuses, suing the Times Newspaper for slander based on their article "Million dollar assets, \$5,000 (2,000 USD) salary". In filing the case, Skerrit looks to be taking a page from the political playbook of his regional mentor, St. Vincent PM Ralph Gonsalves, who routinely sues any entity that publicly criticizes or questions his policies or activities.

Skerrit at the Center

16. (C) Skerrit is the center of the campaign on both sides. His individual popularity derives from his youth, charisma, and populist rhetoric. His alleged ability to extract money from both

Venezuela and China gives him a campaign war chest that is believed by many to be several times the size of the opposition's finances. Despite his personal popularity, detractors insist that Skerrit's weakness is that he has started to believe his own hype and this is causing a rift in the party. A number of high-profile ministers have abandoned ship, due to either the distaste of being associated with corruption, or (some accuse) frustration that Skerrit is taking the lion's share from these deals and just leaving the crumbs behind.

17. (C) The most notable "defection" has been Minister of Foreign Affairs Vince Henderson, once seen as an up and coming leader but, since having a public disagreement with Skerrit, has now decided to abandon his seat in St. Joseph. Dominica's UN Ambassador and former campaign manager Crispin Gregoire, who enjoys immense support in his home district of Grand Bay, has been another casualty. Gregoire, who some say is one of the few people in the party with the ability to challenge Skerrit for Party leadership, was ultimately passed over in favor of Justina Charles, wife of ex PM Pierre Charles, who has name recognition but little else in terms of government experience. In outlining the election in a recent conversation with poloff, Gregoire classified the fixed voters as 40 percent for UWP and 45 percent for DLP, with the future government needing to reach swing voters. In all, Skerrit has replaced 9 of the 21 candidates for MP seats in the upcoming election, with the majority being filled with 'yes men', candidates who lack their own gravitas but can be relied on to support Skerrit. Local political analysts see this tactic as driven as much by a desire to remove possible challengers in the party as a desire to build a tighter party core. And they point out further that, should the ruling party win with such a slate, the new government would be packed with unqualified lackeys who would be unable to do a credible job running ministerial portfolios.

18. (C) On the opposition side, the United Workers Party is the most prominent group, and the only one that will challenge across the whole country. The UWP is led by Ron Green, a competent and honest, but less than charismatic, leader. Green was selected hastily last year, after prior opposition leader Earl Williams went into hiding in the U.S. after being accused of stealing large sums of money from a client of his law practice. With a corruption shadow thus also dogging the opposition, making integrity a key plank is proving a difficult sell. The only other notable opposition party is the Freedom Party, the party of now deceased former Prime Minister Eugenia Charles, who was best known for her support of President Reagan during the U.S. invasion of Grenada. Judith Pestaina is the current leader of this once-dominant party, which has seen its influence wither after forming a coalition government with the DLP in 2000. The departure of Charles Savarin and Julius Timothy to the DLP in Ministerial appointments has also depleted the Freedom Party's pool of qualified candidates. While the Freedom Party is not expected to win many seats outright, FP supporters may form the bulk of the "swing" vote in Dominica, and as such would seem to favor gains by the opposition, to whom FP has grown closer as Skerrit has become more populist.

The Venezuela Factor

19. (C) Venezuela is a key talking point in the race for both the government and the opposition. The government touts Venezuelan assistance programs as a result of its international diplomatic successes, while the opposition often clumsily overplays the hand of Venezuelan imperialism in the region. Venezuela does provide a number of good projects for Dominica, but only through the official channels, as there are no substantive connections in tourism or

business between the two countries. Chavez's most significant influence is in providing a blueprint for populist demagoguery and, if believed, under the table campaign contributions. According to sources in UWP, the government has chartered multiple planes to bring in Diaspora voters, at a cost of over half a million USD and in direct violation of local campaign laws. When talking to the international community -- and seeking financial support -- the opposition has often argued that Skerrit is consciously turning Dominica into a pawn of Venezuela's in that country's game of developing its Bolivarian alternative to traditional Hemispheric cooperation. The opposition has claimed (inter alia) that ALBA is a military plot and that despite Dominica lacking a military, they could provide a staging area for incursions into the Caribbean. Recently, though, the UWP message to the public has changed, as the party's UK-based campaign consultant informed them that Venezuela bashing does not play well to local constituents who are more interested in jobs. The UWP has even gone on record affirming its support of continuing an amicable relationship with Venezuela.

Comment

¶10. (C) While Skerrit holds the advantage of incumbency, this has not been a winning hand in recent elections in the region. If the election turns more on jobs and integrity, it could be closer than predicted. This election was initially projected as a relatively easy Skerrit victory, but party defections haven't taken some luster off of the DLP. Gregoire would have been a game changer in the election, by making a high-profile split with Skerrit. But even the serious contemplation of such an act shows that chinks are appearing in his armor. The seats in nine "swing" districts are all considered to be in play. If four of those seats shift, then Dominica faces the possibility of a tie, where a lone independent MP could have significant leverage over the formation of a new government.

¶11. (C) From the U.S. perspective, Skerrit has been one of our least reliable allies in the region, on many occasions even foregoing agreed to appearances with our Ambassador and avoiding major events where the U.S. is providing support and assistance to Dominica. He has styled himself self-consciously after Chavez,

even donning Chavez characteristic bright red shirts in official appearances and lavishing praise on the Venezuelan president. While our ties at the working level remain sound, we have faced difficulty getting high-level backing for Dominican participation in training programs. An opposition victory would likely distance Dominica somewhat from the Venezuelan ideological embrace, but as a practical matter it would be difficult for even a UWP government to turn its back on promises of assistance from ABLA and Petrocaribe. With half of the OECS member states now party to both associations, there is plenty of political maneuverability for the UWP to both maintain its political independence while not leaving any potential Venezuelan money on the table.

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